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10/634,224	08/04/2003	Robert Novick	12818/10	6508
7590 KENYON & KENYON One Broadway New York, NY 10004		08/16/2007	EXAMINER RANKINS, WILLIAM E	
			ART UNIT 3609	PAPER NUMBER
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

## Office Action Summary

Application No.

10/634,224

Applicant(s)

NOVICK ET AL.

Examiner

William E. Rankins

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 8/4/03.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-28 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-28 is/are rejected.
- 7) ☒ Claim(s) 21,22,24 and 25 is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>11/10/03</u> .  | 6) <input type="checkbox"/> Other: _____                          |

**Detailed Action**

1. A review of the claims and updated search necessitated the rejections below.

***Objections***

2. Claims 21, 22, 24 and 25 are objected to because of the following informalities: Claims depended upon are misstated or misnumbered. Appropriate correction is required.

***Claim Rejections – 35 U.S.C. § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 15-18, 19-27 and 28 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. A backstop provider and a financial structure are not statutory categories of invention.

***Claim Rejections – 35 U.S.C. § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

4. Claims 15- 18 are rejected under 35 U.S.C. 102(b) as being unpatentable over Moody's Investors Service, Structured Finance, Special Report "The fundamentals of Asset-backed Commercial Paper" (Moody's).

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As per claim 15

A backstop-facility provider for ensuring retirement of extendable CP by a legal final maturity date comprising:  
at least one highly rated committed purchaser (Moody's pg. 42, paragraph 2, pg. 61, paragraph 8, pg. 5, paragraph 3) that agrees to commit itself in advance to purchase a future issue of fixed-income, asset-backed securities (Moody's pg. 61, paragraph 8, pg. 54, paragraph 1-3, MTN's are fixed-income, asset-backed securities)  
from a conduit, where such issuance is intended for financing retirement of outstanding extendable CP issued by the conduit by the legal final maturity date in the event the conduit cannot issue new extendable CP (Moody's pg. 61, paragraph 8).

As per claim 16

The backstop provider of claim 15, wherein the committed purchaser includes at-least-one highly rated entity (Moody's pg. 42, paragraph 2, pg. 61, paragraph 8, pg. 5, paragraph 3), the at-least-one highly rated entity further including a lead underwriter. (Moody's, pg. 29 and 73, liquidity agent definition) Moody's defines the liquidity agent as the manager of a bank syndicate. A syndicate, by definition in the financial sense, is a group of banks, insurers, etc. and responsible for underwriting so the examiner takes lead underwriter and liquidity agent to be synonymous.

As per claim 17

The backstop provider of claim 15, wherein the at-least-one highly rated committed purchaser agrees in advance to purchase asset-backed medium-term notes (MTNs) issued by the conduit (Moody's pg. 61, paragraph 8, pg. 54, paragraph 1-3, MTN's are fixed-income, asset-backed securities) after the occurrence of an event that gives rise to the extension of extendable CP (Moody's pg. 40, paragraph 3) if such event has not been cured before a Final Funding Date of such extendable CP.

As per claim 18

The backstop provider of claim 15, wherein at-least-one highly rated committed purchaser is notified by the conduit administrator a set time after an extension period begins (Moody's pg. 34, paragraph 5) for the outstanding extendable CP issued by the conduit, such notification instructing the at-least-one highly rated entity to purchase MTNs (Moody's pg. 61, paragraph 8, pg. 54, paragraph 1-3, MTN's are fixed-income, asset-backed securities, pg. 69, administrator definition) to retire the outstanding extendable CP.

5. Claim 28 is rejected under 35 U.S.C. 102(b) as being unpatentable over Moody's Investors Service, Structured Finance, Special Report "The fundamentals of Asset-backed Commercial Paper" (Moody's).

As per claim 28

The financial structure of claim 26, wherein the committed purchasers agree in advance to purchase the medium-term notes (MTNs) (Moody's pg. 61, paragraph 8, pg. 54, paragraph 1-3, MTN's are fixed-income, asset-backed securities) after an occurrence of an event giving rise to an extendable CP (Moody's pg. 53, paragraph 1-2) extension (Moody's pg. 5, paragraph 3) if such event has not been cured a set period before the end of the extension period (Moody's pg. 34, paragraph 5).

### ***Claim Rejections - 35 USC § 103***

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims 1-7 are rejected under 35 U.S.C § 103(a) as being unpatentable over Moody's Investors Service, Structured Finance, Special Report "The fundamentals of Asset-backed Commercial Paper" (Moody's) in view of Fitch Ratings, structured Finance "Asset-Backed Commercial Paper Explained" (Fitch).

As per claim 1:

Moody's discloses; A method of facilitating issuance, by a conduit, of extendable CP (pg. 5, 2<sup>nd</sup> paragraph and pg. 53, 1<sup>st</sup> paragraph) having a plurality of asset-backed securitization transactions as collateral (pg. 5, paragraph 7), the method comprising:

obtaining a triple-A-rated guaranty for each of the plurality of asset-backed securitization transactions (pg. 41, 2<sup>nd</sup> paragraph); and

securing as a backstop facility an up-front commitment from a highly rated entity (pg. 6, paragraph 2) to purchase assets under a Liquidity Asset Purchase Agreement (pg. 73, Glossary).

Moody's does not explicitly disclose:

The backstop facility's agreement to purchase future conduit-issued, fixed-income, asset-backed securities.

However, Fitch discloses (pg. 8, Form and Structure paragraph 1) "...facilities may also provide alternative funding sources for conduits to meet funding or purchase commitments when they cannot issue new CP.

Moody's further discloses the issuance of MTN's by conduits and that MTN's are not a form of CP (pg. 54, para. 1-3, MTN's are fixed-income, asset-backed securities). It would have been obvious to one of ordinary skill in the art at the time of this invention to include MTNs as fixed-income, asset-backed securities in the asset purchase agreements with liquidity providers especially if the conduit was unable to issue new CP since MTNs are not CP.

Moody's does not explicitly disclose:

...Wherein, according to the up-front commitment, the conduit issues such fixed-income, asset-backed securities in the event that it is unable to retire maturing extended

CP via a combination of issuance of new extendable CP and collections arising from the plurality of asset-backed securitization transactions, proceeds of the purchase being used to retire outstanding extendable CP.

However, Fitch discloses (pg. 2, paragraph 3 and pg. 8, Form and Structure, paragraph 1) repayment of ABCP from collections on asset interests and issuance of new CP and the ability to draw upon liquidity facilities to repay maturing CP. It would have been obvious to one of ordinary skill in the art at the time of this invention to include the method of Fitch with the method of Moody's to obtain liquidity support from a highly rated backup facility. The issuance of fixed-income, asset-backed securities is disclosed as shown in the previous paragraphs of this office action.

Additionally, this phrase does not limit the claim further but only serves to state the result of the claims' previous limitations.

As per claim 2:

The method of claim 1 wherein the fixed-income, asset-backed securities that the committed purchaser commits to purchase, include MTNs.

Moody's does not explicitly disclose:

The backstop facility's agreement to purchase future conduit-issued, fixed-income, asset-backed securities.

However, Fitch discloses (pg. 8, Form and Structure paragraph 1) "...facilities may also provide alternative funding sources for conduits to meet funding or purchase commitments when they cannot issue new CP.

Moody's further discloses the issuance of MTN's by conduits and that MTN's are not a form of CP (pg. 54, paragraph 1-3, MTN's are fixed-income, asset-backed securities). It would have been obvious to one of ordinary skill in the art at the time of this invention to include MTNs as fixed-income, asset-backed securities in the asset purchase agreements with liquidity providers especially if the conduit was unable to issue new CP since MTNs are not CP.

As per claim 3:

Moody's discloses (pg. 53, paragraph 1-2); the method of claim 1, wherein the extendable commercial paper includes secured liquidity notes (SLNs).

As per claim 4:

Moody's does not explicitly disclose:

The method of claim 3, wherein the extendable commercial paper further includes callable notes (CNs).

However, Countrywide discloses commercial paper consisting of CNs (Countrywide blitzing CP-conduit market, Pg. 2 paragraph 3, (2003, April). *Asset - Backed Alert*, 1,10)

As per claim 5:

The method of claim 1, wherein the triple-A rated guaranty is provided by a monoline insurer (Moody's pg. 41, 2<sup>nd</sup> paragraph).

As per claim 6:

The method of claim 1, wherein the committed purchaser includes a lead underwriter, the lead underwriter being responsible for structuring, pricing, and further syndicating a distribution of the MTNs. (Moody's, pg. 29 and 73, liquidity agent definition) Moody's defines the liquidity agent as the manager of a bank syndicate. A syndicate, by definition in the financial sense, is a group of banks, insurers, etc. and responsible for underwriting so the examiner takes lead underwriter and liquidity agent to be synonymous.

Additionally, the responsibilities of the lead underwriter do not further limit this claim since an underwriter would have been capable of performing the functions stated at the time of the invention.



As per claim 7:

The method of claim 6, wherein the conduit is managed by a conduit administrator, the conduit administrator notifying the lead underwriter of intent to retire outstanding extendable commercial paper...

Moody's discloses the issuance of extendable commercial paper as an optional issuance of ABCP and also the role of the conduit administrator (pg. 53, paragraph 1-2, pg. 69, Administrator definition)

...through the issuance of fixed-income, asset-backed securities to the committed purchasers before the end of an extension period.

Moody's further discloses commitment of the backup facility to purchase conduit assets and also the ability of conduits to issue MTNs, which are fixed-income, asset-backed securities (pg. 61, paragraph 8, pg. 54, paragraph 1-3).

7. Claims 8-13 are rejected under 35 U.S.C § 103(a) as being unpatentable over Moody's Investors Service, Structured Finance, Special Report "The fundamentals of Asset-backed Commercial Paper" (Moody's) in view of Fitch Ratings, structured Finance "Asset-Backed Commercial Paper Explained" (Fitch) further in view of Accounting & Tax Periodicals database "Countrywide blitzing CP-conduit market", (2003, April). *Asset - Backed Alert*, 1,10 (Countrywide).

As per claim 8

A method of providing liquidity for an extendable CP issue comprising: securing a backstop facility for retirement of outstanding extendable CP from a highly rated committed purchaser (Moody's pg. 6, paragraph 2) in the event that circumstances giving rise to an extension cannot be cured by the end of an extension period of the outstanding extendable CP; wherein the committed purchaser agrees to purchase fixed-income, asset-backed securities (Moody's pg. 61, paragraph 8, pg. 54, paragraph 1-3, MTN's are fixed-income, asset-backed securities) issued by the conduit to finance the retirement of the outstanding extendable CP (Fitch Ratings, pg. 2, paragraph 2-3).

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Additionally, the phrase "in the event that circumstances giving rise to an extension cannot be cured by the end of an extension period of the outstanding extendable CP" is not given patentable weight in that being capable of performing a function is not a positive claim limitation. The phrase "...to finance the retirement of the outstanding extendable CP" is also not given patentable weight as it merely states the result of the claims limitations.

As per claim 9

The method of claim 8, wherein the fixed-income securities include MTNs (Moody's pg. 61, paragraph 8, pg. 54, para. 1-3, MTN's are fixed-income, asset-backed securities). As discussed previously in the analysis of claim 2, Moody's discloses the issuance of MTN's by conduits and that MTN's are not a form of CP. It would have been obvious to one of ordinary skill in the art at the time of this invention to include MTNs as fixed-income, asset-backed securities in the asset purchase agreements with liquidity providers especially if the conduit was unable to issue new CP since MTNs are not CP.

As per claim 10

The method of claim 9, wherein an interest rate of the MTNs is decided upon approximately when the committed purchaser is informed it must honor its commitment to purchase the MTNs. (Moody's, pg. 54, para. 1-3)

An additional appeal of MTNs lies in the ability to issue them when there are favorable market opportunities. The terms may be arranged to take advantage of the status of the market and to meet particular funding requirements. Maturity, interest rate, currency, and other terms of MTN issuance allow programs to expand their funding mix.

As per claim 11

The method of claim 9, wherein the committed purchaser includes a lead underwriter (Moody's, pg. 29 and 73, liquidity agent definition). Moody's defines the liquidity agent as the manager of a bank syndicate. A syndicate, by definition in the

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financial sense, is a group of banks, insurers, etc. and responsible for underwriting so the examiner takes lead underwriter and liquidity agent to be synonymous.

As per claim 12

Moody's discloses (pg. 34, paragraph 5 and pg. 69, Administrator definition, pg. 29 and 73, liquidity agent definition and pg. 61, paragraph 8, pg. 54, paragraph 1-3); the method of claim 11, wherein the lead underwriter is notified before an end of the extension period to execute its purchase of the MTNs to retire the outstanding extended CP.

As per claim 13

Moody's discloses (pg. 61, paragraph 8); The method of claim 11, wherein the committed purchaser is obligated to purchase the MTNs notwithstanding the fact that the circumstances that originally gave rise to the extendable CP extension have been resolved.

8. Claims 14 is rejected under 35 U.S.C § 103(a) as being unpatentable over Moody's Investors Service, Structured Finance, Special Report "The fundamentals of Asset-backed Commercial Paper" (Moody's) in view of Fitch Ratings, structured Finance "Asset-Backed Commercial Paper Explained" (Fitch) further in view of Accounting & Tax Periodicals database "Countrywide blitzing CP-conduit market", (2003, April). *Asset - Backed Alert*, 1,10 (Countrywide).

As per claim 14

Moody's discloses (pg. 53, paragraph 1-2); the method of claim 8, wherein the extendable CP includes at least one of secured liquidity notes (SLNs). and callable notes (CNs).

Moody's does not explicitly disclose:

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The method of claim 8, wherein the extendable CP includes at least one of, callable notes (CNs).

However; Countrywide (Countrywide blitzing CP-conduit market, Pg. 2 para. 3, (2003, April). *Asset - Backed Alert*, 1,10, Accounting & Tax Periodicals database) discloses CP consisting of CNs. It would have been obvious to one of ordinary skill in the art at the time of this invention to include the CNs disclosed by Countrywide in the extendable CP disclosed by Moody as CNs were well known as a form of CP.

9. Claims 19-27 are rejected under 35 U.S.C. S 103(a) as being unpatentable over Moody's Investors Service, Structured Finance, Special Report "The fundamentals of Asset-backed Commercial Paper" (Moody's) further in view of *Securitization Conduit* "An introduction to trade receivable ABS", W Alexander Roever, John N McElravey, (Roever).

As per claim 19

A financial structure for facilitating issuance of extendable CP comprising: a conduit for purchasing asset-backed securitization transactions and for issuing extendable commercial paper to finance purchases of such asset-backed securitization transactions (Moody's, pg.61, Appendix: Asset purchase structures and Trade receivable funding by conduits), the extendable CP providing for an extension period under certain circumstances (Moody's pg. 5, paragraph 3); and a highly rated backstop provider (Moody's pg. 42, paragraph 2, pg. 61, paragraph 8), the backstop provider being committed in advance (Moody's pg. 61, paragraph 8) to purchase fixed-income, asset-backed securities (Moody's pg. 61, paragraph 8, pg. 54, paragraph 1-3, MTN's are fixed-income, asset-backed securities) issued by the conduit to finance retirement of extendable CP issued by the conduit if the conduit is unable to retire the extendable CP before an end of the extension period (Moody's pg. 61, paragraph 8).

As per claim 20

Moody's does not explicitly disclose:

The financial structure of claim 19, further comprising:  
a special purpose vehicle, the special purpose vehicle securitizing existing and future financial assets through creation of at least one of variable funding certificates and variable funding notes secured by such assets, the special purpose vehicle financing such assets by issuing at least one of variable funding certificates and variable funding notes to the conduit.

However, Roever discloses; "One of the features in many recent trade receivables transactions is the use of a **variable funding certificate (VFC)**. While the term ABS are sold to institutional investors, the VFC issued by the trust is sold to a CP conduit", (see exhibit 3) the purchase of VFCs by the conduit. It would have been obvious to one of ordinary skill in the art at the time of this invention to include the financial structure and VFCs in Roever with the structure disclosed by Moody's, as it was well known in the art that VFCs were typical assets purchased by conduits.

As per claim 21

The financial structure of claim 18, further comprising:  
a financial insurer, the financial insurer guaranteeing non-default for each of the asset-backed securitization transactions purchased by the conduit (Moody's pg. 41, 2<sup>nd</sup> paragraph).

The examiner assumes that claim 21 is dependent upon claim 19 and not claim 18 as stated.

As per claim 22

The financial structure of claim 20, wherein the financial insurer has a rating of at least AAA (Moody's pg. 41, 2<sup>nd</sup> paragraph).

The examiner assumes that claim 22 is dependent upon claim 21 and not claim 20 as stated.

As per claim 23

The financial structure of claim 19, further comprising:  
a conduit administrator, the conduit administrator performing monitoring and administration functions on behalf of the conduit (Moody's, pg. 69, Administrator definition).

As per claim 24

The financial structure of claim 23, wherein the extendable commercial paper includes secured liquidity notes (SLNs) (Moody's pg. 53, paragraph 1-2).

The examiner assumes that claim 24 is dependent upon claim 19 and not claim 23 as stated.

As per claim 25

The financial structure of claim 23, wherein the highly rated backstop provider includes a lead underwriter (Moody's, pg. 29 and 73, liquidity agent definition) Moody's defines the liquidity agent as the manager of a bank syndicate. A syndicate, by definition in the financial sense, is a group of banks, insurers, etc. and responsible for underwriting so the examiner takes lead underwriter and liquidity agent to be synonymous.

The examiner assumes that claim 25 is dependent upon claim 19 and not claim 23 as stated.

As per claim 26

The financial structure of claim 19, wherein the fixed-income asset-backed securities include asset-backed medium-term notes (MTNs), (Moody's pg. 61, paragraph 8, pg. 54, paragraph 1-3, MTN's are fixed-income, asset-backed securities).

As per claim 27

The financial structure of claim 25, wherein the conduit administrator notifies the lead underwriter of an intent to retire outstanding extendable CP (Moody's, pg. 69,

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Administrator definition, pg. 29 and 73, liquidity agent definition) through a sale of MTNs to the committed purchasers (Moody's pg. 61, paragraph 8, pg. 54, paragraph 1-3, MTN's are fixed-income, asset-backed securities) a preset period before the end of the extension period (Moody's pg. 34, paragraph 5).

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**Conclusion**

Any inquiry concerning this communication or earlier communications from the examiner should be directed to William E. Rankins whose telephone number is 571-270-3465. The examiner can normally be reached on M-F 7:30 AM - 5:00 PM, off alt Fridays beg 6/15/07.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Thomas Dixon can be reached on 571-272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.


Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

William E Rankins

Examiner

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THOMAS A. DIXON  
SUPERVISORY PATENT EXAMINER